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# **A NARRATIVE ABOUT INSTITUTIONAL DEVELOPMENTS IN SCOTTISH TOURISM 1969-2008**

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November 2008<sup>1</sup>

## **ABSTRACT**

The aim of this paper is to provide background material about institutional developments within Scottish Tourism. It is a narrative that commences with the Development of Tourism Act 1969 and traces what are perceived to be the main developments over the last 40 years.

This period has been categorised into four phases. The first phase (1970s and 1980s) is suggested as a period of learning involving trying out new functions, e.g. setting up a quality scheme, taking responsibility for overseas promotion and encouraging forward bookings. The first national strategy (1975) was proposed during this period. The second phase draws upon this learning experience to refine practices, e.g. expansion of the quality scheme. During this period there were two reviews (1993 and 1997-9) as well as a new national tourism strategy (1994). This explicitly recognises both the fragmented nature of the industry and the economic importance of tourism to Scotland. Devolution provided the opportunity for tourism to be more formally instituted and marks the start of the third phase (1999-2007). This phase experienced five reviews and three strategies. The underlying theme of this phase is perhaps the restructuring of the industry through the dissolution of the membership based Area Tourism Boards. The start of the fourth phase (2007-) was marked by the election of a SNP minority government, the subsequent public sector restructuring and another new tourism review. These latter two phases are characterised by the Scottish Government's desire to lead the industry through the provision of a national strategy and the development of the structural conditions that will enhance effective business development and growth.

Issues raised in policy statements has highlighted that Scottish tourism industry is characterised by diversity and many stakeholders. One prominent feature is the on-going structural changes. With devolution and somewhat in contradiction to this, there has been increasing centralisation of public sector institutional decision-making and simultaneously increasing private sector localisation, this characterised by the emergence of many local tourism groups. This creates a challenge for public-private sector engagement and how both can work together for the benefit of Scottish tourism.

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<sup>1</sup> Typos corrected August 2012

## INTRODUCTION

The development of tourism in Scotland from an institutional perspective is a never ending and unfolding story. There are various accounts, which include that of Adams & Hay (1994), Smith (1998), Kerr (2003) and Hay (2007). To capture all its detail is a mammoth task, which is partly due to the loss of institutional memory as staff leave and also due to the difficulty of accessing documents, which is partly due to their possible loss from the records e.g. the Highlands & Island's "Network Tourism activity Framework" (1996)<sup>2</sup>.

The following narrative retells this story, complementing the aforementioned. The account is essentially a chronologically ordered, descriptive account with limited interpretation. The aim is to present a rich, but necessarily, selective insight into the various developments over time. Its contribution is to provide a fresh view that focuses upon the various reviews and strategies as marker events, as well as to allow samples of original text to speak for themselves. The reason for producing this account was to develop an understanding of institutional concerns over time as a backdrop to detailed research that examines the exploitation of online technologies by Scottish serviced accommodation providers. Although there has been much technology related activity at the institutional level, e.g. "Project Ossian", much of this has been omitted here to focus upon the dominant events and issues. The interesting developments relating to institutional exploitation of technology to support tourism related activity will be narrated in a subsequent paper.

The 40 year period is organised into four phases, during which five tourism strategies have been published and eight governmental reviews conducted. It highlights an ongoing learning process, perhaps re-inventing what has been forgotten as staff leave, and perhaps also not necessarily learning from the past. It suggests a trend towards increasing institutional centralisation and growing disenfranchising of smaller tourism businesses..

The narrative commences with a brief introduction to the historical context of the period. This is followed by a mainly descriptive account that draws upon selected text to shed light upon the issues as perceived by their author. Whilst it is acknowledged that this decontextualises the text, this, in part, is compensated by the supportive text. A brief discussion completes this narrative.

## THE BEGINNINGS

The Scottish tourism industry emerged as a distinctive activity in the latter part of the 18<sup>th</sup> century (Durie, 2003). Indeed, the long history of Scottish tourism has been characterised by a range of developments. Whilst these have allowed various authors to distinguish different phases (Seaton, 1998), perhaps the key characteristic underlying these developments is improved accessibility and the development of different modes of transport. With growth in tourism, word-of-mouth, travel guides and newspaper articles supplanted the early "explorer" travel accounts, to raise awareness of Scottish localities. Whilst royal patronage, e.g. Queen Victoria, popularised Highland culture during the 19<sup>th</sup> century (Seaton, 1998), the steamship and railway contributed to the growth and dispersal of tourism throughout Scotland in the 19<sup>th</sup> century. This gave rise to the emergence of resorts in many parts of Scotland. These resorts were fed by daily excursionists, the longer stay 'residencies' of the wealthier classes and the granting of trade holidays to the working-classes. As localities developed, through the exploitation of fashions, e.g. water cures, and the 'construction' of attractions, e.g. golf courses and dance halls, competition between the resorts intensified. Towards the end of the 19<sup>th</sup> century, town councils realised the importance of promoting their location, previously undertaken by the private sector. This resulted in the establishment of "*publicity committees*" (Durie, 2003). The introduction of the bicycle in the 1870s and the motorcar in the 1890s perhaps marked a turning point (Durie, 2003). Rather than being confined to the beaten track and specific 'destinations', people could access lesser known areas throughout Scotland. The tourist 'toured', stopping for one or more nights at different places. Tourism established itself as an important economic sector.

An account from an institutional perspective needs to consider the broader context of UK policy, when Scotland was politically governed from Westminster. Richards' (1995) account of the politics of

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<sup>2</sup> This was finally tracked down

UK tourism reveals that tourism in the early 20<sup>th</sup> Century was politically regarded as part of external trade. Whilst the 1920s was characterised by the struggle for recognition of the tourism industry, the 1930s were characterised by the securing of funding. State intervention first manifested with a financial contribution from the Board of Trade to the newly formed Travel Association (f. 1929). Local authorities were only able to promote themselves through approved bodies, e.g. the Travel Association. Post-war attention focused not only upon promotion but also the development of the tourism product, which had suffered the use of tourism facilities by the military and from lack investment during the war<sup>3</sup>. This led to the formation of the British Tourist and Holidays Board (BTHB) (f. 1947). Due to overlap of roles, the BTHB was merged “forcibly”<sup>4</sup> with the Travel Association in 1950 to become the British Travel and Holidays Association (BTHA) and latterly the British Travel Association. “*The association had become ‘the government’s chosen instrument for tourist publicity and propaganda overseas’*” marking a new level of state intervention, though it remained a non-statutory and voluntary organisation (Richards, 1995). During the 1960s tourism became an increasing contributor to the balance-of-payments. The British Travel Association (BTA) by 1969 was receiving 90% of its funding from the government.

It was in 1945 that the Scottish Tourist Board (STB) was formed (Richards, 1995). It emerged from the “Come to Scotland Association”; a body set up to promote Scotland in the early 1900s, which then became the Scottish Tourist Development Association (Linklater, 1992). The STB was a voluntary organisation but lacked the financial resources and authority (Credland & Murray, 1969). The 1961 STB minutes provide the first record of the need for an STB hotel grading scheme (Adam & Hay, 1994). In 1965, the Highlands & Islands Development Board (HIDB) was established. Its remit included the economic development of the Highlands of which tourism played an important part (Duffield & Long, 1981; Pearce, 1992). Thus, both the HIDB and the STB played a role in the development of tourism. However, the HIDB was able to promote tourism overseas (Pearce, 1992), whilst the STB was not given this power until the 1984 Tourism Act. The HIDB involvement in tourism carried over into Highland & Islands Enterprise (HIE) when it replaced the HIDB in 1991.

## THE SCOTTISH TOURIST BOARD (STB) – STATUTORY STATUS

The **Development of Tourism Act 1969**, provided for the creation of four statutory bodies: the British Tourist Authority (BTA) and Tourist Boards for Scotland (STB), England (ETB) and Wales (WTB). The Act outlined both the functions and the statutory powers of these bodies. For the STB, this was succinctly summarised by the Scottish Office. The STB’s functions were:

- “*to encourage people to visit Scotland and people living in Scotland to take their holidays there; and*
- *to encourage the provision and improvement of tourist facilities in Scotland*”.

(Scottish Office, 1998a)

To allow the ‘discharge’ of these functions, the STB was statutorily empowered

- “*to advise Ministers and other public bodies on tourism matters; (s.5<sup>5</sup>)*
- *to promote or undertake publicity in any form; (s.2)*
- *to provide advisory and information services; (s.2)*
- *to promote and undertake research; (s.2)*
- *to establish committees to advise the Board in the performance of its functions; (s.2)*
- *to give financial assistance by way of grant, loan or equity (or a combination of these methods of funding) to provide or improve tourist amenities and facilities; (s.4)*
- *to give grant or loan to new hotels or improvements to existing hotels; and (s.7, 8 and 13)*
- *following an Order in Council, to administer a scheme for the registration of tourist accommodation. (s.17)*”.

(Scottish Office, 1998a)

The BTA was given the remit of the overseas promotion of the UK. Each Board was authorized to provide financial assistance for tourism projects it judged suitable.

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<sup>3</sup> Personal communication, Brian Hay, 11<sup>th</sup> November 2008

<sup>4</sup> Page 150 in Berghoff H, Korte B, Schneider R, Harvie C (2002) “The Making of Modern Tourism: the cultural history of the British Experience, 1600-2000”, New York: Palgrave

<sup>5</sup> (s.5) this refers to the section within the Act which specifies the power

The third part of the Act provided for the compulsory registration of accommodation providers. Whilst there had been early debate about compulsory registration, there was opposition to this (STB, 1982). Instead, in 1981, a “*voluntary self-classification scheme for hotels and guest houses*” was introduced (STB, 1982). Since then the registration system has always been voluntary.

The Local Government (Scotland) Act 1973, as well as reorganising the structure of local authorities into two tiers of local and regional councils, empowered local authorities to encourage people to visit their area through direct promotional activities or indirectly through other organisations. The Local Government and Planning (Scotland) Act 1982 explicitly sanctioned the formation of tourism organisations<sup>6</sup>. Prior to 1<sup>st</sup> April 1996, there were up to 36 voluntary local tourism groups<sup>7</sup>. These were reduced to 14 Area Tourist Boards as a result of the Local Government etc. (Scotland) Act 1994. This Act provided for the setting up of the new Area Tourist Boards, effective from the 1<sup>st</sup> April 1996. Their funding was meant to be funded equally by the local authority, the STB and membership fees. In reality, the STB was the major funder. The authority to fund tourist projects, previously undertaken by the STB, was transferred to the enterprise agencies, who had to increasingly fund tourism developments in their own area. In order to prevent duplication by the local enterprises agencies, it was to be overseen by a group that included the STB, though whether this was really taken seriously and achieved much, is open to debate<sup>8</sup>.

## SCOTTISH TOURISM: A NATIONAL PERSPECTIVE

### Phase 1 (1970s and 80s) the early days – a period of learning?

#### Strategy 1: “Planning for Tourism in Scotland: A Preliminary National Strategy” (1975)

During the 1970s, a programme, Scottish Tourism and Recreation Planning Studies (STARPS), was initiated “*to produce interrelated strategies for tourism and recreation at national and regional level*”, involving other national agencies and local authorities (Scottish Tourist Board, 1977). The STB’s contribution included the publication in 1975 of a strategy for Scottish tourism: “Planning for Tourism in Scotland: A Preliminary National Strategy”. It highlighted the need for a tourism policy to be integrated with national economic development policies. Previous to this, a study was commissioned by the STB to assess “*Scotland’s potential resources for tourism*”, which included the study of overseas’ tourism activity. This resulted in a report “*A Strategic Appraisal of Scottish Tourism, 1974*”, which included in its conclusions the suggestion of “*A Passport to Scotland*”, which offered visitors the opportunity of a low cost package. Aside from this, its recommendations mainly related to national or institutional developments. In 1977, the STB published a progress report that

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<sup>6</sup> The distinction between a statutory body and a body set up by statute is raised here. Whereas the STB was clearly a statutory body, the ATBs appear to be corporate bodies established by statute (s. 172, Local Government etc. (Scotland) Act 1994).

<sup>7</sup> Many sources cite 32 ATBs. However, this does not appear to be a static situation, but dynamic involving the formation, combination and dissolution of ATBs (Personal communication, Brian Hay, 1<sup>st</sup> May 2008) as well as the presence of other local groups to suggest a changing landscape. The STB Annual Report (1984-5) reveals that there were 32 ATBs and a further four local organisations, e.g. Kirkcaldy, giving rise to 36 local tourism bodies.

<sup>8</sup> Personal communication, Brian Hay, 11<sup>th</sup> November 2008, The Scottish Tourist Consultative Council (STCC) held its inaugural meeting on the 6<sup>th</sup> Feb. 1970 (STB, 1971, though Adam & Hay (1994) note that discussion about its formation took place as early as 1951. STB Annual Reports reveal that it comprised of representatives from tourism related associations and public sector bodies. However, the STB 1982-3 Report reveals that the enactment of the 1982 Act raised questions about the STCC’s future role. The Scottish Confederation for Tourism (SCOT) was established on the 28<sup>th</sup> July 1983, and appears to have replaced the STCC (STB, 1984). This provided a means whereby the chairmen of the STBs and their counterparts in the local authorities could co-ordinate their activities. For the first two years, it met three times a year thereafter meeting bi-annually. The STB 1991-2 Annual Report announced that it met annually and there is no mention of SCOT in the 1992-3 Report. It operated through various sub-committees, e.g. ‘sea-angling on the Clyde’ and ‘signposting and transport’.

highlighted the importance of tourism to the economy, but revealed a lack of governmental recognition.

One early initiative was '*Book-a-bed-ahead*', a scheme to allow visitors to book their accommodation in advance through local Tourist Information Centres (TICs). It was piloted in 1973 and rolled out for the 1974 season (STB, 1974a).

In 1984, the power to promote Scotland overseas was given to the STB through the Tourism (Overseas Promotion) (Scotland) Act 1984. Nevertheless, the overseas marketing activity by the STB still had to be approved by the BTA, and they still undertook overseas marketing in their own right<sup>9</sup>.

A Report<sup>10</sup> was published on the 15<sup>th</sup> January 1986 by the Westminster Parliamentary Select Committee on Trade and Industry, which recommended that the STB, along with its counterparts in England and Wales, were abolished and that responsibility for tourism "*both domestically and overseas, should pass to a new statutory body called the British tourist board, supported by a statutory regional structure*" (Hansard, 1986). The STB 1985-6 Annual Report reveals that this was successfully opposed.

In 1987, the Scottish Tourism Co-ordinating Group (STCG) was established to ensure the co-ordination of the activities of the various public bodies active in the Scottish tourist sector and prevent duplication of effort. The Minister at The Scottish Office with responsibility for tourism chaired this group. (Select Committee on Scottish Affairs, 1998).

The STB 1986-7 Annual Report reported the introduction of a voluntary assessment scheme, comprising two components:

1. Grading of "*quality of facilities and standards of welcome and services in accommodation establishments*"

The scale comprised: Approved, Commended, Highly Commended

2. "*Comprehensive classification of the establishment's facilities and general services*"

The scale comprised Listed → "five crowns"

It also reported that the "*Book-a-bed-ahead*" scheme reported 31,700 bookings, generating £3m "*worth of business for ATB members and the 10% commission system adopted by most areas provides up to £300,000 in additional trade income to the ATB network*". This contrasted with 130,000 same night bookings in TICs, a 4.3% increase on 1985.

### **Phase 2 (1990s) Application of Experience and Lessons Learnt**

It could be argued that the early phase was a learning phase, which involved the implementation of new initiatives. In contrast, the next phase of 1990s was perhaps one of confidence, with experience and lessons learnt, which guided and informed practices.

The STB 1991-2 Annual Report announced that "*by 1995, only members of the [grading] scheme will be promoted in the STB guides*".

In 1992, Tourism Training Scotland was established to promote training in the tourism sector as well as carry out market research into training needs. It was headed by Peter Lederer – later to be Chairman of the STB.

### **Review 1 (1993) of Scottish tourism**

On the 29<sup>th</sup> June 1993, the Secretary of State for Scotland made a statement outlining proposals relating to a review of Scottish tourism:

- "*The composition of the Scottish tourism co-ordinating group will be reviewed and strengthened. It will supervise the preparation of a national strategic plan for Scottish tourism covering business development as well as marketing. The preparation of this plan will be the responsibility of the Scottish Tourist Board, working in close*

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<sup>9</sup> Personal communication, Brian Hay, 11<sup>th</sup> November 2008

<sup>10</sup> The first report of the Trade and Industry Committee 1985-6 106-I, 15<sup>th</sup> January 1986

*collaboration with Scottish Enterprise and Highlands and Islands Enterprise. The plan will be put into effect by all three national bodies and will provide a framework for co-operation at local level between business interests, area tourist boards, local enterprise companies and the local authorities.*

- *As from 1 April 1994:*
  - o *responsibility for tourism marketing and for area tourist board support will be consolidated in the Scottish Tourist Board*
  - o *business development activities will be consolidated in the Scottish Enterprise and Highlands and Islands Enterprise networks.*
- *As part of the "Scotland in the Union" initiative, the Scottish Tourist Board will establish, by 1 April 1995, a substantial office presence in Inverness and make compensating reductions in staffing levels in Edinburgh, which will remain the head office".*
- *Placed "a statutory obligation on councils to participate in the formation of area tourist boards".*
- *Placed "a duty on local authorities, where they wish to market their areas as tourist destinations and provide services to visitors, to do so only through an area tourist board".*
- *Required Area Tourist Boards "to co-ordinate overseas activities with those of the Scottish Tourist Board".*

Its intention was to eliminate the present duplication of effort amongst the various public sector agencies, who were debatably trying to use tourism as one of the justifications for their existence<sup>11</sup>.

### **Strategy 2: "Scottish Tourism Strategic Plan (1994)**

The "Scottish Tourism Strategic Plan" was published during 1994. It highlighted Scotland's shift from a main holiday destination to a second holiday destination. It identified "three key objectives":

- *"to create new facilities and to develop existing ones";*
- *"to promote tourism in a more effective and co-ordinated way at all levels"; and*
- *"to enhance skills, including management skills".*

It recognised the need to overcome the seasonal nature of the industry and also the need to address environmental issues. Progress reports were published in 1996, 1997 and 1998, with an interim review published in 1999. This reported "that work is progressing well" (STCG, 1999) and outlined a programme for the development of a new strategic plan for the period 2000-5. Issues raised included seasonality, dispersal, product development and training.

Also in 1994, the Tourism Forum Scotland was formed to represent the views of tourist sector organisations.

In 1996 Scottish Enterprise published its "Tourism Action Plan", building upon the "Scottish Tourism Strategic Plan". It identified five constraints to development:

- the fragmented nature of the industry
- the domination of small businesses
- the inconsistency of service standards
- the seasonal nature of demand and
- weaknesses in the transport links with key markets

It highlights the role of the public sector to support tourism development, defining the roles of the respective organisations:

The Enterprise Networks:

- *"to offer business development support (including financial assistance) for tourism businesses*
- *to deliver training*
- *to ensure environmental improvement"*

STB and the ATBs:

- *"to provide market research*
- *to undertake marketing and promotion*
- *to operate quality assurance schemes*

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<sup>11</sup> Personal communication, Brian Hay, 11<sup>th</sup> November 2008

- *to provide visitor services, including tourist information centers*"
- Local Authorities:
- *"to develop transport and other infrastructure*
  - *to operate visitor attraction and leisure facilities*
  - *to provide support for tourist boards*
  - *to undertake planning and development control*"

The advent of the Internet provided the STB with an opportunity to exploit its promotional potential. "Project Ossian" was launched in 1996 to develop a sophisticated Scottish online presence:

*"The Ossian system is a world first, developed in Scotland. It will allow Scottish tourism businesses to obtain global exposure"*

Scottish Business and Industry Minister Lord Macdonald  
(Scottish Executive, 29<sup>th</sup> March 1999)

The website, which provided an online booking facility, went live in July, 2000.

## **Review 2 (1997-9) of the Scottish Tourist Board**

All Government Agencies have been required by the Government to undertake a periodic review of their functions and responsibilities<sup>12</sup>. The "Policy and Financial Management Review" of the STB was delayed until 1997 to enable the changes brought about by the 1993 review to take effect. The first stage of this review, to examine *"whether STB's functions are required at all"*, was published in June 1998 as the "Prior Options Study" (Select Committee on Scottish Affairs, 1998b). It included the recommendation that the STB adopts:

*"a more strategic and forward looking role, centering on the identification and provision of relevant market information and more generally on the facilitation of industry action either at the Board's own hand or through the action of other public bodies"*.

This was to be achieved by:

*"a programme of research to remedy the lack of detailed information on the Scottish Tourist industry's structure and main characteristics"*.

Also raised was the need for better communication and relationships with other parties. It identified six themes regarded as *"central to STB's future role"*. These were:

- Leadership: *"basically in recognition of the need for more and better strategic guidance"*;
- Marketing: *"in recognition of STB's prime statutory responsibility for this key function"*;
- Quality: *"as an essential element of any action to improve Scottish tourism's performance"*;
- Spatial and seasonal distribution of visitors: *"as with "quality", an essential element of any action to improve Scottish tourism's performance"*;
- Research: *"as a fundamental element of any action to provide effective guidance at both the operational and strategic level"*; and
- Co-operation and co-ordination: *"which is closely tied to the issue of leadership but is important enough in the context of tourism support to merit separate mention"*.

This was followed by the "Second Report" (published 21<sup>st</sup> July 1999), which followed a call for evidence in April, 1998. By this time, the new and devolved Scottish Parliament had opened. The report stated that despite *"calls for a Minister for Tourism"*, this was viewed by the, then, Chairman of the STB, Lord Gordon, *"while highly desirable, would not prove to be a realistic option"*. The report recommended that:

*"Given the importance of tourism to the Scottish economy we were disappointed to learn that there is not to be a Minister with sole responsibility for tourism in the Scottish Executive. We recommend that this decision be reconsidered and that at the very least the Minister responsible for tourism should have this made clear in his or her job title. (Paragraph 16)"*

Instead, tourism fell within the remit of the Minister of Enterprise and Lifelong Learning (Henry McLeish). Other recommendations included:

*"We recommend that the concept of a bed tax is rejected as a way of funding public support for tourism. (Paragraph 26)*

*We recommend that the Scottish Tourist Board core fund the Area Tourist Boards directly. (Paragraph 27)*

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<sup>12</sup> Personal communication, Brian Hay, 11<sup>th</sup> November 2008



*We recommend that the Government consult again with the national tourist boards with the aim of producing a unified classification and grading system for Great Britain. (Paragraph 33)*

*Small businesses must be encouraged to realise that the training of their staff is a vital ingredient to the long term viability of their industry, and increasingly so. (Paragraph 35)*

*We recommend a system of compulsory registration which requires all accommodation providers to meet basic safety, hygiene and public insurance liability standards. (Paragraph 39)*

*We would like to see the STB and ATBs put pressure on businesses to develop products which offer greater value for money, as well as setting fairer rates and encouraging more transparency in rates quoted. (Paragraph 41)*

*While recognising the right of the STB to market Scotland abroad, we recommend that it continues to maximise the services of the British Tourist Authority overseas. (Paragraph 47)*

*We welcome the investment of public money in Project Ossian and believe that the web offers a huge marketing potential which the tourist industry must be in a position to take advantage of. (Paragraph 56)*

*We believe that the number of tourists coming to Scotland could be increased if Scotland had better direct air access with overseas hub airports. We hope that the Scottish Parliament will do all in its power to further encourage and support those working to improve air access into Scotland. (Paragraph 65)”*

Henry McLeish, the Scottish Minister with responsibility for tourism, welcomed:

*“the Committee's recommendations. We will consider them very carefully. I have already announced that I intend to consult widely and to prepare a new strategy for the industry by around the end of this year. This strategy will identify the action that needs to be taken throughout Scotland to ensure that the tourism industry not only matches the competition but beats it”*

(Scottish Executive Press Release, 27<sup>th</sup> July 1999)

### **Phase 3 (1999-2007) the new regime of a Scottish Parliament**

On the 12<sup>th</sup> May 1999, the Scottish Parliament reconvened after a break from its last activity in 1707. As a prelude to the Scottish Parliament, on the 20<sup>th</sup> January 1999, the “Pathfinders to the Parliament” initiative was established to enable a business agenda for the new Parliament (Scottish Office, 1999). Although not one of the originally named groups, the tourism group led by Lord Gordon of Strathblane (STB's chairman<sup>13</sup>) included in its recommendations:

*“an early review by the Parliament of preliminary thinking on STB's new Strategic Plan is essential if it is to be carried into effect promptly and capitalise on the momentum created by the Parliament itself”.*

It also raised the need for stabilised funding of ATBs, adequate market information, effective exploitation of technologies and improved skills.

### **Strategy 3: “A New Strategy for Tourism” (2000)**

During the first Parliamentary debate on the Scottish economy (24<sup>th</sup> June 1999, Scottish Parliament), Henry McLeish announced that the STB “prepare a new strategy to replace the original strategy that was published in 1994”. “A New Strategy for Tourism” was published on the 16<sup>th</sup> Feb. 2000. The report described “the Scottish Executive's vision for Scotland's tourism industry”. It revealed that there had been significant changes in the tourism industry during the preceding thirty years. These

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<sup>13</sup> The other sectors were led, in the main, by private sector businessmen. The tourism sector is fragmented, which raises the issue of whether there was a suitable alternative to the appointment of Lord Gordon? However, it also raises the question of whether the STB represented the interests of itself and / or larger organisations, rather than those of the small businesses which make up a significant proportion of the sector. This presents the temptation that the STB and larger organisations may think they know better about how the industry should function. However, large organisations do things differently from small organisations.

included a change in the nature of visits with growth in overseas visits (particularly from the US), the replacement of the main holiday in Scotland by short breaks and an increase in the number and quality of accommodation. This shift reflected social, economic and demographic changes in the customer profile. This raised the need to know the customer better. It identified a number of actions that included:

- The development of a website to provide market information for industry members;
- The further development of Ossian, an e-commerce application, and an associated call-centre facility in a public - private partnership;
- The development of more effective marketing, developing niche markets, e.g. golf, genealogy;
- The raising of quality standards;
- The further development of skills. A new organisation, Tourism People, was formed in 2000, replacing Tourism Training Scotland. It had a broader training remit which included management training; and
- The stabilisation of public sector funding.

It also required the replacement of The Scottish Tourism Co-ordinating Group (STCG) with a smaller group meeting more frequently. It would be chaired by the Minister for Enterprise and Lifelong Learning. A Scottish Tourism Liaison Group was also to be established, to “initiate and co-ordinate tourism research in Scotland”.

### **Review 3 (1999-2000) of the New Strategy**

The Enterprise and Culture Committee carried out a pre-publication review of the New Strategy between December, 1999 and January, 2000, and this was discussed, in private, on the 12<sup>th</sup> January 2000. This was followed by a meeting on 8<sup>th</sup> March 2000. It took evidence from a number of industry spokesmen, then was followed by a private discussion about the strategy. The evidence acknowledged the fragmented nature of the industry and the challenge of engaging with smaller businesses. It argued for a shift from ‘supply-led solutions’ to a ‘demand-led culture’. One of the main points raised, concerned the large number of small business who, at that time, did not have a PC, which raised the question of how they would be able to trade through Ossian. The STB evidence included the view that ‘interactive systems will become the norm’, highlighting the need to exploit technology.

### **Review 4 (2000) of the Scottish Tourist Board**

Three issues were emerging. There was a sharp decline in overseas visitors, there were concerns over the operation of Ossian and there was confusion about who were the clients of the STB (tourism businesses or tourists)<sup>14</sup>. In July, 2000, Henry McLeish requested a management review of the Scottish Tourist Board. The review was chaired by Lord Gordon of Strathblane, who was chairman of the STB. The report was prepared by PricewaterhouseCoopers, published on the 31<sup>st</sup> October 2000 and delivered to Henry McLeish’s successor, Wendy Alexander. It exposed confusion about who STBs customers were, proposing that these were the tourist industry, not the consumers who benefited from the industry’s offerings. It recommended that:

*“the best way forward for the Scottish Tourist Board (STB) was to embark upon a process of reinvention. This reinvention process should be wide-ranging, affecting organisation structures, process, plans, targets and customer focus”.*

It proposed that “a new name for the organisation can help to reinforce the transformational nature of the changes” and that this name should be the website ‘brand name’, visitScotland.

The Scottish Tourist Board renamed itself VisitScotland later that year. Furthermore, following a PricewaterhouseCoopers review in 2000 (Annual Report, 2000-1), there was a substantial re-organisation, which included a complete change in senior management. The resignation of the CEO, Tom Buncle, on the 10<sup>th</sup> November 2000 (Annual Report, 2000-1) was followed by the departure of all six tourism directors during the summer of 2001 (Annual Report, 2001-2) and the recruitment of a new Chief Executive and three new Directors, though one departed three years later. The number of directors was increased to six, early in 2006, “as a result of integration with the ATBs in April 2005” (Annual Report, 2005-6).

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<sup>14</sup> Personal communication, Brian Hay, 11<sup>th</sup> November 2008

### Review 5 (2001) of the Scottish tourism strategy

During 2001, Wendy Alexander, Minister for Enterprise and Lifelong Learning requested a review of the Scottish tourism strategy. This review was carried out by George Street Research Ltd and published in September, 2001. Questionnaires were received from 240 businesses, of which 59% were accommodation providers, 47% were 1-2 person businesses, and 66 public and partnership organisations. One of the key issues raised was the need to improve the marketing of Scotland.

On the 19<sup>th</sup> November 2001, Wendy Alexander announced at the 'Scotland United' conference:

*"the start of consultation on improving the role of Area Tourist Boards in transforming the industry both nationally and at a local level. Scotland United is the first jointly hosted conference by the Scottish Tourism Forum, the British Hospitality Association, VisitScotland, Scottish Enterprise and Highlands and Islands Enterprise. Ms Alexander said:*

*"The key to transforming Scottish tourism lies in the hands of businesses, supported, of course by the public sector. Last February we published a strategy for our industry. We need to take the current strategy and build on it.*

*We are preparing an action plan focusing on priorities of:*

*Improving Scotland's position in the world tourism marketplace;*

*Increasing focus on the consumer; and*

*Enhancing the status of the industry*

*Visitors don't buy beds but experiences. People come to Scotland to walk, to play golf, to enjoy our dynamic cities and vibrant culture. It is vital these interests are represented in any discussions on the way we sell Scotland's world class assets in the UK and overseas.*

*If we are to improve Scotland's position in the world tourism market place we must:*

*Develop Scotland's image as an essential destination;*

*Improve our marketing both at home and overseas;*

*Make Scotland easier to reach and to travel within Scotland;*

*Build business leadership.*

*Selling Scotland more smartly means focusing more clearly on the way the public sector supports the industry. VisitScotland will divide its marketing activity between five themed categories, including freedom of Scotland, outdoor activities, culture, business tourism and city breaks.*

*If we are to get focus on the customer - we must:*

*Encourage innovation throughout the tourism sector;*

*Improve the skills of all who work in the industry.*

*Putting the emphasis on what the customer wants will mean more innovative approaches to the way we support the industry through the Area Tourist Board network.*

*It is crucial that Area Tourist Boards are able to fully support the industry in delivering our strategic objectives. We need an ATB network that is modern, strong, adequately financed, and fully equipped to meet challenges that are constantly changing.*

*The consultation I am announcing today will start the process of mapping the way forward.*

*We will finalise these proposals in the New Year, and, working together, we will achieve a tourist industry in Scotland that is dynamic, modern, innovative, and fully prepared to meet the challenges ahead.*

*And finally, if we are to enhance the status of the industry we must build stronger links between tourism businesses and other important sectors. One third of tourism expenditure goes into retail and we must work to improve the links with sectors such as retail, food and drink, and transport and make tourism a first choice career in which people are both recognised and rewarded"*

(Scottish Government, 2001)

In November, 2001, following a change in First Minister, a new Ministerial position was created: Minister for Tourism, Culture and Sport. This matched the structure at the UK level, with the creation of the Department of Culture, Media and Sport<sup>15</sup>. In Scotland, responsibility for tourism shifted from the Department for Enterprise and Lifelong Learning to the Education Department.

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<sup>15</sup> Personal communication, Brian Hay, 11<sup>th</sup> November 2008

In January, 2002, “Project Ossian” was transferred into the private domain through a Public-Private-Partnership (PPP). Renamed [visitscotland.com](http://visitscotland.com), it became embroiled in controversy over its online practices. Its opponents established a website [www.reclaimvs.com](http://www.reclaimvs.com) and, on the 30<sup>th</sup> October 2006, submitted a petition to the Scottish Parliament, which asked for its return to the public sector.

#### **Strategy 4: “Tourism Framework for Action 2002 : 2005” (2002)**

The review of “A New Strategy for Scottish Tourism” resulted in the publication of “**Tourism Framework for Action 2002 : 2005**” (March, 2002). It defined the vision of the Scottish tourist industry as:

*“Scotland is a must-visit destination where visitors’ needs come first, and tourism makes a vital contribution to economic growth”.*

It identified three priorities:

1. develop a stronger market position for Scotland;
2. industry must meet and exceed these expectations; and
3. the status of tourism must be enhanced.

These priorities were expanded to reveal objectives, each with a set of actions that would achieve these objectives over a period of three years. One of the tasks was to promote “*a new Scottish tourism brand and a national product portfolio*”. Specific activities included: “*make a visit ‘easy to buy’*”, improve access both to/from and within Scotland, improve collaboration between organisations and invest in people. It also provided for the setting up of a Steering Group to oversee progress and an Implementation Group to pursue specific projects. The Steering Group held its first meeting on the 18<sup>th</sup> September 2002. (Scottish Executive, 2002)

The first progress report on the Tourism Framework for Action was presented in March, 2003 (Scottish Executive, 2003) and was followed by a second report in June, 2004 (Scottish Executive, 2004). Whilst achievements were reported, there was no mention of problem areas.

In April, 2002, the **Enterprise and Lifelong Learning Committee** appointed Stevens and Associates to carry out a comparative study of the Scottish tourism industry with other countries and identify relevant good practices. The report, “Support for Tourism: an International Comparison”, was published on 28<sup>th</sup> August 2002.

In June, 2002, the Tourism Innovation Group was formed, comprising business and government agency executives to develop the Scotland Brand, benchmark and disseminate good practices (Scottish Executive, 2003).

At the second Scotland United Conference (2<sup>nd</sup> December 2002), Mike Watson gave a speech in which he reiterated the key points of the 2000 tourism strategy. He highlighted the need “*to get the right structure for tourism funding and support*” and the importance of establishing and aggressively promoting:

*“a clear brand for Scotland”, “to develop e-tourism... . In its first 6 weeks of operations, visitscotland.com generated £350,000 of new business for Scottish tourism. Sixty per cent of that went to small guesthouses and bed and breakfasts. That is business that these establishments would not have received had they not subscribed to visitscotland.com”.*

On product quality he revealed:

*“It is hardly surprising that around 80% of complaints from tourists about the quality of their accommodation come from people who have stayed in the 20% of accommodation which is not within the ambit of the QA Scheme. We must address that and I’m determined that we will. It may require the eventual introduction of some form of compulsory registration scheme for tourism establishments, to more actively regulate quality standards. This would drive home the message that achieving high standards of quality must be a key priority for all those involved in achieving the success of Scottish tourism”.*

He concluded by highlighting the dearth of skills – training in tourism and the need to reverse this (VisitScotland, 2002).

#### **Review 6 (2002-2003) the state of Scottish tourism**

On the 6<sup>th</sup> June 2002, the **Enterprise and Lifelong Learning Committee**, agreed a remit for an inquiry into the state of Scottish tourism enquiry. This was followed on the 5<sup>th</sup> July 2002, with an

announcement of “*an open call for evidence for its forthcoming inquiry into tourism*” (Scottish Parliament, 2002). It sought answers to ten sets of questions, which included:

*“How can the potential for e-tourism be exploited most effectively? Is the development of eTourism Ltd the most effective way to exploit the potential of the web?”*

Over 55 organisations presented evidence. The final recommendations included the decision not to consider evidence regarding the ATBs, as this was the subject of a separate Ministerial review. In addition to making recommendations about nominations to tourist organisation boards, the importance of business tourism and the need for new air links, it recommended the full support “*of the development of visitscotland.com*”. It welcomed “*the competitive advantage which it offers*”. To promote these developments it recommended:

- *“that VisitScotland and the ATBs continue to publicise the e-tourism initiative to tourism business, and particularly to work with small businesses to demonstrate the benefits of participation*
- *the creation of an external monitoring group to ensure that there is openness in the development of the initiative, and quarterly Board reports*
- *that VisitScotland should consider whether the development of visitscotland.com creates opportunities for savings in other areas of its budget, e.g. in hard copy publications, tourist information centers etc”.*

(Scottish Parliament, 2003)

### **Review 7 (2002-2004) of the Area Tourist Boards**

On the 27<sup>th</sup> May 2002, Mike Watson, Minister for Tourism, launched a review of the Area Tourist Boards. Earlier industry reviews had raised concerns about the integration and funding of the ATBs. VisitScotland Annual Reports for 2001-2 and 2002-3, revealed that funding for the Area Tourist Boards comprised of a Local Authority core grant (28%), VisitScotland aid grant ((~11%), Membership fees (~8%) and ‘other’ (mainly commercial trading in TIC’s - (~26%)). This ATB review was described as “crucial” to the Scottish tourism industry and involved a consultation period which was to last three months (Scottish Executive, 2002a).

On the 11<sup>th</sup> March 2004, there was a statement by the Minister for Tourism. It included:

*“We have decided that this should be done by replacing the ATBs with an integrated VisitScotland network. This Scotland-wide network will consist of local tourism hubs and will have responsibility for the delivery of the national tourism strategy in its area. But the hubs will also have the ability to respond to circumstances in their areas, and will link with the growing number of private sector tourism action groups across Scotland. Unlike the ATBs, the new VisitScotland tourism network will not be a membership organisation, but will charge for all services to tourism businesses, as indeed VisitScotland does at present for membership of its QA scheme....*

*....we propose that the system of local authority grants to ATBs should be replaced by service level agreements which each local authority would negotiate with VisitScotland for the tourism services they require in their areas. This will enable authorities to see exactly what they are receiving for their money”.* (McAveety, 2004)

This statement marked the launch of a project to provide an integrated tourism network throughout Scotland. VisitScotland’s publication of the “Tourism Network Implementation Framework Document” (3<sup>rd</sup> November 2004), outlined the proposed structure integrating the new structure to replace the ATBs. It highlighted the importance of partnerships with stakeholders - local authorities, ‘industry led organisations, Enterprise Networks, visitscotland.com and EventScotland - and also the development of Area Tourism Partnership Plans. The importance of these plans is revealed in the statement:

*“Area Tourism Strategies have proved to be a valuable way of taking national tourism strategy forward in a local context and developing tourism plans to co-ordinate public and private sector activity. Building on this approach through Area Tourism Partnership Plans will be a priority for the network and will form a constituent part of the VisitScotland Business Plan. These plans will be central to how we manage partnerships with the private and public sectors and will be developed by Tourism Partnerships in each area”.*

There does not appear to be any indication of how individual businesses would participate in strategy development.

*"The network will undertake to liaise on a regular basis with industry representative bodies".*

This liaison appears to assume adequate representation of all tourism businesses.

To ensure that local tourism needs are met, on-going dialogue between VisitScotland and local authorities has been proposed through the formation of Area Tourism Partnerships. The VisitScotland Board meeting minutes (1<sup>st</sup> September 2005) reported that:

*"Of the 32 local authorities, 21 agreements have been signed and within the forthcoming weeks, a further nine will be complete. Only two are outstanding".*

At the next meeting (20<sup>th</sup> October 2005):

*"Twenty eight local authorities have now signed Agreements, representing income of £6.445m. Angus Council has now reached agreement on signing its Agreement and will be providing an additional £4500 in funding. Agreements have still to be signed with East Dunbartonshire, East Renfrewshire and Inverclyde".*

However, the effect of disassociating local authorities from tourism activities has led to a reduction in their financial contribution to these activities against a backdrop of pressure upon local authority resources (VisitScotland Board meeting minutes, 8<sup>th</sup> May 2006). It was reported in the subsequent minutes (23<sup>rd</sup> June 2006) that:

*"The Chief Executive reported that he had raised concerns regarding local authority funding with the Minister. While the Scottish Executive appreciates these concerns, VisitScotland has been advised that no additional funding is available at the present time".*

At the subsequent meeting (18<sup>th</sup> August 2006), concerns were, again, raised about local authority cuts in their funding contribution to tourism activities. It was *"agreed that a firm position needs to be adopted in these cases... if other local authorities begin to reduce funding similar cuts should be made"*. In other words, *"local authority funding cuts should be addressed with appropriate cuts in activity"*.

#### Consulting the Industry

Two consultations were conducted by The Scottish Tourism Forum. The first, on the 2000 Tourism Strategy, was published in April, 2004 by the Scottish Executive. Whilst no information was provided about respondents, it revealed a wide range of views about the tourism strategy. Views about the "vision" were varied, but included scepticism about its utility and a detachment from what is happening at the operator level. Other issues about which views were sought, included marketing, e-commerce, quality, public sector support and skills / recruitment. Again, the responses were wide ranging and divergent. Overall, the responses highlighted that there did not appear to be any consensus about tourism.

A second consultation, commissioned by the Scottish Executive, followed in 2005 and was published in June, 2005. The aims of the consultation were clearly stated by the tourism Minister, Patricia Ferguson, in the foreword to the survey:

*"your views on the issues facing the industry today, and on how we should respond to the changing marketplace".* (Scottish Tourism Forum, 2005a)

Conducted between February-March, 2005 it involved a wide range of tourism businesses and involved road-shows, one-to-one meetings and an online survey. Of the 9,500 businesses contacted by email, there were 678 responses to the on-line survey. Whilst there was a generally positive response to the overall marketing strategy, though there was concern about the high advertising costs to small businesses and lack of return. Views about e-commerce and visitscotland.com tended to be negative. Whilst the performance of visitscotland.com was improving, that it would be more effective if it was a not-for-profit organisation – the imperative of profit compromise the interests of industry players. *"Commission rates did draw some comment but the principle of VS.com being a B2B relationship is gathering acceptance"*. It was noted that there was concern over a wide variety of operational issues, but the report only mentioned the issue of room allocation for small businesses. It was accepted that businesses sought and used other on-line channels and were not totally reliant upon visitscotland.com. Concerns were expressed over the centralisation of services to the detriment of local knowledge and needs. Other issues included the Quality Assurance scheme, and respondents viewed compulsory registration favourably since it would raise quality and deter those businesses currently operating ungraded or using out-of-date grades. However, there was concern that the focus tends not to reflect

customer's perceptions of quality. There was a feeling by some that VisitScotland was out of touch with those "*active within the industry*", especially smaller businesses.

The Tourist Innovation Group response included:

*"TFFA [“Tourism Framework for Action”, 2002] did not fully engage businesses and engender their involvement and commitment. There was no serious “buy in” and a reflection of the ambitions within business planning and operations”.*

Specific recommendations included:

- *“ that visitScotland.com and the financial model that supports the organisation has not yet got industry support in respect of not-for profit or as a commercial operator. This is restricting industry buy in to VS.com which is not helpful and as a result is currently restricting sales of Scottish tourism products and service*
- *resource should be directed towards businesses so as to web-enable more and more areas and sectors*
- *that in order for QA to be effective this should be out sourced genuinely independent from VisitScotland*
- *VisitScotland should offer more financial support to destination management initiatives (not leading them, but rather engaging with initiatives and supporting private sector leadership in an open, constructive way”.*

Tourist Innovation Group (2005)

#### A Leadership Role of VisitScotland

The 2005-8 VisitScotland business plan was published in August, 2005. It identified five key activities:

- the marketing of Scotland as a "*must visit*";
- engagement with tourism businesses, using account management and an integrated CRM system;
- adding value to "*the visitor experience*" by means of the QA scheme;
- provision of "*direction to - and co-ordination of – the industry by helping to shape and communicate the industry vision and strategy*"; and
- operating "*our business as one team*".

At a meeting of the VisitScotland Board (24<sup>th</sup> March 2006), the issue of the strategic leadership role of VisitScotland was discussed, though had been previously rejected on the grounds that VisitScotland's policies were those of the Scottish Government<sup>16</sup>. Was this a sign that VS was growing in confidence as an organisation, such that it could feel that it could adopt policies that could potentially conflict with those of the Scottish Government?

*"RG [Riddle Graham] introduced a paper outlining proposals for VisitScotland to take on more of a leadership role, developing position statements on issues which impact significantly on Scottish tourism. He noted that VisitScotland would aim to comment on issues of national significance rather than comment on local issues such as individual planning applications....*

*...The Board discussed the implications of taking on such a role. On the one hand, it was considered essential, if VisitScotland considers itself as an economic development agency, that the Board take a firm position on issues which impact on tourism, not simply developing position statements but presenting the case to the relevant decision makers. On the other hand, it was questioned whether the Scottish Executive would consider it appropriate for the Board to take on such a role. DD noted that the Management Statement outlines the Board's role as being to advise Ministers. However, Lesley Sawers (LS) noted that the Management Statement clearly states that the Board has an industry leadership role. To fulfil a leadership role, it was suggested that VisitScotland must develop clear views on issues which impact on the tourism industry. RG suggested that guidance could be sought from the Scottish Executive to address concerns regarding Board members' responsibilities. Subject to any concerns expressed by the Scottish Executive, the Board approved the paper”.*

Minutes of the VisitScotland Board Meeting, 24<sup>th</sup> March 2006

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<sup>16</sup> Personal communication, Brian Hay, 11<sup>th</sup> November 2008

To date, VS has produced policies on Wind Farms, Tourism Taxes, none of which go against Scottish Government policies.<sup>17</sup>

### Promoting Scotland

On the 24<sup>th</sup> February 2005, the European and External Relations Committee (Scottish Parliament) published the report “An Inquiry into the Promotion of Scotland Worldwide: the Strategy, Policy and Activities of the Scottish Executive”. This followed an inquiry, which commenced in September, 2003, aimed at taking a fresh look at how Scotland promoted itself, and also took into consideration the previous publication, “The Scottish Executive’s International Strategy” (Scottish Executive, 2004b). Amongst the 2005 report’s recommendations were:

- “203. *We recommend that the Scottish Executive publishes, as a matter of urgency, the delayed findings of the “First Impressions” review conducted by Councillor Eric Milligan and, at the same time, publishes the work programme and the costs incurred.*
- 204. *We recommend that, as a matter of urgency, the Scottish Executive should finalise its work on Scotland’s image overseas.*
- 205. *We recommend the use of a logo to identify and promote Scotland which should consist of the Saltire or incorporate it in a contemporary way.*
- 206. *We recommend that the Executive insist on a common approach to the promotion of Scotland by all its agencies, blending the historic with the contemporary.*
- 209. *We recommend that Ministers direct VisitScotland to give greater priority to building up its operations and posts in key overseas markets and that they review the extent to which these operations can be co-located with the offices of other government agencies including Scottish Development International .*
- 210. *We recommend that the Scottish Executive focuses its support for the tourism sector with the aim of improving quality standards, encouraging better training and investment in employees and increasing language skills”.*

A Scottish Executive review into visitors’ views about Scotland highlighted, not only the need to develop the ‘Scotland’ brand, but also the desirability of branding regions, although in a manner consistent with the national brand (Scottish Executive, 2005). What was interesting was that there was little co-operation over the policy implications of this activity<sup>18</sup>. The tag line ‘The Best Small Nation in the World’ was not adopted by VisitScotland, and with a change in leadership and political parties, has been quietly dropped<sup>19</sup>.

In the summer of 2005, following further staffing changes within the STB, 11 out of the 16 Heads of Departments within the STB left the organisation. One of these changes, despite all the talk of the need for high quality research, was the break-up of the Research Department into four smaller units split across different parts of the organisation<sup>20</sup>.

### The Disbanding of ATBS and the legal recognition of VisitScotland

ATBs were disbanded on the 1<sup>st</sup> April 2005 and replaced by two ‘network ATBs’ covering the north and south of Scotland, respectively. Whilst legally separate entities, they operated as part of VisitScotland. However, this was to be only a temporary measure, with the intention being to integrate these network ATBs into a single entity VisitScotland. A public consultation, “Tourism is Everyone’s Business”, was launched on the 5<sup>th</sup> September 2005. The aim was to elicit views about the proposed changes:

*“Changing the legal name of the Scottish Tourist Board to VisitScotland*

*Removing the requirement in the Local Government ( Scotland ) Act 1994 that "there shall be Area Tourist Boards*

*Abolishing the current 2 Network Area Tourist Boards (the temporary means by which the integrated tourism network was established in April 2005) to create VisitScotland as a single legal entity.*

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<sup>17</sup> Personal communication, Brian Hay, 11<sup>th</sup> November 2008

<sup>18</sup> Personal communication, Brian Hay, 11<sup>th</sup> November 2008

<sup>19</sup> Personal communication, Brian Hay, 11<sup>th</sup> November 2008

<sup>20</sup> Personal communication, Brian Hay, 11<sup>th</sup> November 2008



*Increasing the limit on the size of the VisitScotland Board from 7 members to a maximum of 12 members”.*  
(Scottish Parliament, 2005a)

The new legislation (Tourist Boards (Scotland) Act) approving the proposal was introduced on the 20<sup>th</sup> March 2006.

#### **Strategy 5 (2006) “Scottish Tourism: the next decade – a tourism framework for change”**

In March, 2006 the Scottish Executive published “**Scottish Tourism: the next decade – a tourism framework for change**”. The need for the framework is justified on the basis that, “*if we want to continue to grow tourism in Scotland, we must develop and change what we offer our visitors over the next decade*”. It claims that “*this document isn’t just another government strategy*”. Instead, “*it’s the result of real collaboration with the private sector throughout 2005*”. A few points which relate to accommodation providers are drawn from this inclusive report. We are informed that one of the “*most commonly mentioned*” criticisms is the “*quality of accommodation*” (p7). We are told of the “*increased prevalence of late booking*” (p10), and the need for “*easy booking*” (p11). It states that:

*“we need to harness new technology to deliver those products and services effectively”* (p16)

and

*“We will need to have an integrated marketing effort bringing the destination marketing activities of VisitScotland and VisitBritain and those of the private sector in line behind a common brand. A key component of this will be effective use of the Internet as an information and sales channel for the industry”* (p17)

Further:

*“Our ambition is to have the best regarded tourism workforce in the world, with highly-skilled managers and leaders who nurture and value their staff”* (p22)

At the local level, ‘Area Tourism Partnerships’ are to be set up: “*Area Tourism Partnerships will play a key role in driving and supporting change at local levels*” (p45). Fourteen targets were set covering a range of issues which included participation within the QA scheme, development of skills and exploitation of online technologies.

Between June, 2005 and March, 2006, VisitScotland conducted a review of information provision to visitors. It highlighted the importance of personal contact and recommendations and the growing role of technology for information provision. In April, 2006, VisitScotland started to implement some of the “ideas and suggestions” that emerged from this research.<sup>21</sup>

The widespread changes do not appear to be universally welcomed. It was reported in The Scotsman (3<sup>rd</sup> August 2007<sup>22</sup>) that, in response to dissatisfaction with VisitScotland, the new ‘service’ model and the dissolution of the ‘membership’ based ATBs, the Borders Tourist Board ([www.borderstouristboard.com](http://www.borderstouristboard.com)) was launched on the 7<sup>th</sup> June 2007 to provide cost-effective marketing for members and to promote the locality (Scottish Borders)<sup>23</sup>.

Indeed, the proliferation of local tourism groups had been noted in VisitScotland’s Board Meetings during the second half of 2006<sup>24</sup>. Indeed a distinction was being made. VisitScotland supported Destination Management Organisations (DMOs), but they did not support marketing organisations<sup>25</sup>. The distinction was being made between organisations that placed emphasis upon destination management i.e. the visitor’s experience of the destination and how this is managed, and organisations engaged with marketing or promoting the locality<sup>26</sup>.

In May, 2007, VisitScotland published “The Tourism Prospectus”:

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<sup>21</sup> [www.scotexchange.net/research\\_and\\_statistics/information\\_and\\_sales\\_strategy.htm](http://www.scotexchange.net/research_and_statistics/information_and_sales_strategy.htm) [last accessed 4<sup>th</sup> May 2008]

<sup>22</sup> Colin Donald (2007) “BTB site ‘could confuse visitors’”, Scotsman 3<sup>rd</sup> August 2007

<sup>23</sup> [www.borderstouristboard.com](http://www.borderstouristboard.com), accessed 27<sup>th</sup> March 2008

<sup>24</sup> VisitScotland Board Meeting minutes for the 18<sup>th</sup> August 2006, 22<sup>nd</sup> September 2006, 24<sup>th</sup> November 2006.

<sup>25</sup> Minutes of the VisitScotland Board Meeting, 18<sup>th</sup> August 2006

<sup>26</sup> A view re-affirmed by the VisitScotland CEO, whilst presenting evidence to a Scottish Parliamentary Committee Review in May, 2008 (Scottish Parliament, 2008b)

*"The Chief Executive... explained that the aim of this document is to communicate how the ambition can be turned into a reality; to establish priorities; to encourage entrepreneurialism; to reinforce shared responsibility; and to provide a toolkit for area and sector plans".*

(Minutes of the VisitScotland Board Meeting, 22<sup>nd</sup> September 2006))

#### **Phase 4 (2007 to ... ) a new political party, but more of the same?**

The electoral win in May, 2007 resulted in an SNP minority Government. The SNP manifesto indicates serious changes in the structure of the institutional handling of tourism with "an early review" of the "agency structure" to enhance local delivery. In line with broader changes, tourism was accommodated within the new Department of Finance and Sustainable Growth:

*"We will bring together responsibility for enterprise, tourism and infrastructure under a single minister in the Department of Finance and Sustainable Growth, so that policy as a whole reflects the needs and interests of the industry. Within the Enterprise structure, Welcome to Scotland will acknowledge Scottish tourism as the major industry and employer that it is, linking tourism directly with economic development. Welcome to Scotland will deliver a lighter regulatory touch and stronger marketing role, and decentralise tourism information and services so that we can better connect areas with their visitors"*

(SNP Manifesto 2007)

New Parliamentary Committees were established on the 7<sup>th</sup> June 2007 and included one dealing explicitly with tourism: "Economy, Energy and Tourism":

*"The remit of the committee is to consider and report on the Scottish economy, enterprise, energy, tourism and all other matters falling within the responsibility of the Cabinet Secretary for Finance and Sustainable Growth apart from those covered by the remits of the Transport, Infrastructure and Climate Change and the Local Government and Communities Committees".*

(Economy, Energy and Tourism, 2008)

Its membership comprised:

Brian Adam, Gavin Brown, Iain Gray, Christopher Harvie, Marilyn Livingstone, Tavish Scott, Dave Thompson and David Whitton

The first meeting was on the 20<sup>th</sup> June 2007.

In the following months there were several significant events.

The first involved the new Minister for Tourism, Jim Mather. He held two industry workshops (27<sup>th</sup> August, 19<sup>th</sup> November 2007) inviting a number of people prominent in tourism within both the public and private sectors.

The second event was an announcement on the 26<sup>th</sup> September 2007 by John Swinney (Cabinet Secretary for Finance and Sustainable Growth) on the restructuring of the Enterprise Agencies and by implication, VisitScotland.

*"In preparing this statement, the Government has been engaged in a significant period of constructive debate and discussion with stakeholders, including a range of interests across the business community, local authorities, trade unions and, of course, the enterprise networks themselves".*

The aim was stated to be:

*"we need to secure better and closer working between the agencies that have a shared responsibility to work with the Government to achieve our objectives for the Scottish economy... those bodies represent too fragmented a structure.... the current local enterprise company and local economic forum structures should be removed, and we have decided to establish a regional development delivery model for enterprise support in Scotland. I believe that that is an important step in reducing bureaucracy and streamlining local enterprise development delivery..."*

*... Instead of 21 LECs with 21 boards and 21 sets of governance arrangements, there will be six regional operations across Scotland. For Scottish Enterprise those regions will be Grampian, Tayside, east central Scotland, south of Scotland and west central Scotland. There will be a single region served by Highlands and Islands Enterprise. To promote*

*further integration with the tourism sector, VisitScotland will align its own areas around the six enterprise network regions. It will continue to look at new mechanisms to improve its engagement with the industry at the local level”.*

*“it is entirely right that local authorities should assume an enhanced role in local economic development... I also want to encourage our local authorities to develop effective working relationships with chambers of commerce and local business organisations, to enhance co-operation”.*

(Scottish Parliament, 2007)

The new structures went live on the 1<sup>st</sup> April 2008.

### **Review 8 (2007-8) achieving the targets for tourism growth set in the 2006 strategy**

The third event was the announcement on the 7<sup>th</sup> November 2007 of a new tourism inquiry.

*“The remit of the inquiry is to inquire into the feasibility of meeting the Scottish Government’s ambition for a 50% increase in revenue from tourism by 2015, to identify the key challenges and suggest measures to overcome these”.*

(Scottish Parliament, 2007)

The report, “Growing Pains”, was published around the 10<sup>th</sup> July 2008 with an associated Parliamentary press release (Scottish Parliament, 2008a), though it appeared to receive little media attention<sup>27</sup>. The essence of the findings is possibly captured in the statement regarding the public sector bodies:

*“we are very concerned about the current duplication of effort, wasted resources, the plethora of initiatives and the increasing ‘mission creep’ whereby certain bodies are now acting in a fashion beyond that originally intended”.* (point 232, Scottish Parliament, 2008)

It identified the need to make it easier for businesses to invest in tourism, the problems of recruitment and retention and the inadequacy of skill development provision and the need to improve the quality of the tourism product. Whilst it was viewed that there was no requirement for yet another structural change, the issue of industry engagement and the importance of local knowledge are raised.

*“The Committee believes that there has already been sufficient public sector restructuring in tourism and that a period of stability is needed now. However, we do understand the desire to ensure that local knowledge within the industry is not lost to any national initiative and that local partnerships designed to improve the tourism product and infrastructure and to promote a destination are not unnecessarily blocked by a too centralised approach. We suggest that the recent move to localised marketing partnerships such as destination marketing organisations (DMOs) is symptomatic of a need for VisitScotland to improve its industry engagement”.* (point 263, Scottish Parliament, 2008)

Furthermore, the issue of how technology was being exploited to support Scottish tourism was criticised:

*“With respect to VisitScotland.com, we believe that the current business model is patently flawed and obsolete. We recommend that this is rethought, focusing on information provision and a comprehensive, free listing service and does not attempt to provide accommodation availability and booking services directly to users but refers them on”.*

(point 254, Scottish Parliament, 2008)

A subsequent report was published on the 8<sup>th</sup> September 2008 by The Royal Society of Edinburgh, whose committee responsible for the report included two former Chief Executives of the STB/VisitScotland<sup>28</sup>. It highlighted the contribution of tourism to the rural parts of Scotland and was critical of the existing support structures including VisitScotland. Indeed, it suggested that:

*“There was widespread criticism of VisitScotland’s performance and focus during our Inquiry. It was claimed to be over-centralised and with too much emphasis on the successful areas rather than those requiring support. The recent reforms of the structure and the focus on national level marketing were also thought to have exacerbated the problem”.* (p33)

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<sup>27</sup> The only account noted in the following day’s press was by Pauling T (2008) “MSPs urge overhaul of tourist sector”, The Aberdeen Press and Journal, 11<sup>th</sup> July 2008  
[[www.pressandjournal.co.uk/Article.aspx/733358](http://www.pressandjournal.co.uk/Article.aspx/733358) accessed 12<sup>th</sup> July 2008]

<sup>28</sup> Personal communication, Brian Hay, 11<sup>th</sup> November 2008

It called for integrated policy making and localised decision-making, with institutions creating the conditions to allow national goals to be achieved. It recommended that:

*“the Scottish Government should radically change the institutional structure for tourism by establishing a new national tourism organisation, with combined responsibility for development, investment, marketing and training, and Regional Tourism Boards”.*  
(Recommendation 37)

It was announced on the 6<sup>th</sup> November 2008 that visitScotland.com, would revert back into the public domain (VisitScotland, 2008a). The reason presented:

*“The original concept and business model for VisitScotland.com was for a “one stop shop” that could meet all a customer’s information and booking needs for a trip to Scotland via any communication channel. This meant providing a contact centre for phone calls, letters and emails and a comprehensive web site covering information, booking and sales... Although only six years ago, there have been significant developments affecting this premise....*

*...These trends, coupled with industry feedback indicating a preference in some areas for more direct contact with customers, have already led us to review and reposition VisitScotland.com but we must continue to adapt and all shareholders agree that a vehicle with single ownership, more closely aligned to VisitScotland marketing, will be better positioned to take this on”.*

The implications of this development remain to be seen, particularly in the context of the 2005-6 review of information provision to visitors.

## **BRIEF DISCUSSION AND SUMMARY**

The narrative has provided an insight into the institutional developments over the last forty years. It is suggested that, since the formation of the Scottish Tourist Board (STB) as a statutory body in 1969, there have been four phases of institutional development. Whilst these phases may be viewed as relatively arbitrary in their composition, they usefully denote periods in time. The first (1970s and 1980s) is suggested as a period of learning involving trying out new ideas, e.g. setting up a quality scheme, taking responsibility for overseas promotion and encouraging forward bookings. The first national strategy (1975) was proposed during this period. The second phase draws upon this learning experience to refine practices, e.g. expansion of the quality grading scheme. During this period there are two reviews (1993 and 1997-9) and a new national tourism strategy (1994) was produced. The fragmented nature of the industry is explicitly recognised, as is the economic importance of tourism to Scotland. Devolution provided the opportunity for tourism to be more formally instituted and marks the start of the third phase (1999-2007). This experienced five reviews and three strategies. The underlying theme of this phase is perhaps the restructuring of the industry through the dissolution of the membership -based Area Tourism Boards. The start of the fourth phase is marked by the election of an SNP minority government, the subsequent public sector restructuring and a new tourism review. These latter two phases appear characterised by the Scottish Government’s desire to lead the industry through the provision of another national strategy and the development of the structural conditions that will enhance effective business development and growth.

Tourism is characterised by its diversity and its many stakeholders. Nevertheless, there appears to be a growing perception of the importance of tourism to the Scottish economy with formal recognition manifesting in a Scottish Parliamentary Ministerial role. This has been complemented by the active work of the public sector to support tourism including the formation of a dedicated agency, The Scottish Tourist Board (STB), renamed VisitScotland in 2000. Its clear sense of public service is reflected in its guiding statements (Appendix 1). Indeed, the promotional value and benefit of the STB / VisitScotland appears to be relatively unquestioned. Further, the five Policy - Strategy documents are evidence of the institutionally recognised need to provide national direction for the development of Scottish tourism, rather than let it fumble along. Institutional concern about the performance of the industry is reflected in the number of institutional reviews. Indeed, it could be suggested that with devolution and the trappings of nationhood, that one of these trappings is the embedding of a National Tourism Organisation, such as VisitScotland, so devolution ensured that its existence was assured.

However, there is an undercurrent of tension within the industry, particularly between the institutions and the private sector. This perhaps reflects a combination of factors underpinned by the fact that the industry is both fragmented and continually changing.

The series of structural changes to the industry arising from the succession of reviews, undermines the stability of the industry and does little to foster integration, as no part endures long enough for the learning associated with making it work, to allow the benefits to surface. The Area Tourist Boards (ATBs) existed in their final form for a mere nine years. The rapid succession of senior tourism appointments, and not necessarily with a tourism background, appears to characterise the public sector, though does not encourage continuity, though the current Chairman and CEO of VisitScotland have both retained their positions since 2001 (Appendix 2).

At a national level, there appears to be increasing delocalisation of VisitScotland, as its operating units cover larger areas. Further, there is evidence that, certainly amongst serviced accommodation providers, there is a drop in the number using VisitScotland's services (Harwood, 2007). As numbers drop, the significance of the VisitScotland Quality Grading Scheme is diminished and with this, the opportunity for grass-roots engagement is reduced. This raises the recurrent theme emerging from this study, of the need for co-operation between public sector bodies and also meaningful engagement with private sector tourism businesses. It is not about what can be sold as a service, but of what can be given as support.

The mechanism of public-private sector engagement was provided through the ATBs. ATBs emerged from the increasing consolidation of local collective efforts to manage local tourism. Whilst the ATBs may have been viewed by some as far from ideal, as membership organisations, they can be described as democratic and representative. However, funding appears to have been a recurrent issue. With their dissolution, engagement appears to have resurfaced as a major issue. Indeed, there has been a return to the formation of many local tourism groups, reminiscent of an earlier age, with each concerned about their locality. This raises the question of whether the decision to dissolve the ATBs was the correct one.

Upon the demise of the ATBs, institutional provision was made for engagement through the Area Tourism Partnerships (ATPs). However, it is questioned whether deep engagement can be restored, particularly in view of the non-democratic organisation of new tourism hubs and the distributed and autonomous nature of local tourism groups. The mechanism for engagement is absent. There is an option to enforce engagement, though in a compliant manner, by activating the dormant instrument of compulsory registration of tourism product providers. In this manner, standards can be enforced, and the mediocre services that have tainted Scotland's reputation as a quality tourism destination eradicated.

However, the desired characteristics underpinning engagement is assumed to be bi-directionality and mutuality. This becomes important if Policy – Strategy documents are not to be viewed as central planning instruments. It raises the question of whether policies reflect the view of the industry as a whole or of a vocal few? It highlights the manner of consultation with the industry. Whilst the Scottish Tourism Forum can be viewed as the industry representative, there is a lack of integration among the many local representative membership bodies. Further, serviced accommodation providers have no trade body which has a significant membership base. This raises the question of who is speaking on behalf of who and the legitimacy of the various tourism 'voices'.

The importance of engagement is perhaps re-enforced, not only by the most recent parliamentary review, but also by the criticism of the independent review by The Royal Society of Edinburgh. Importance is attached to the locality and local activity. Indeed, one can ask whether there is actually a need for a National Tourism Organisation given the formation of local groups and promotional power offered to localities by the Internet. If VisitScotland ceased to exist what would be the outcome? Tourism is already represented as a unit within the Scottish Government (Appendix 2). Independent organisations such as the AA can provide Quality Assurance schemes. Whilst there is a need for direction and co-ordinated activity, can this be served by, say, the Scottish Tourism Forum? Alternatively, would local groups band together to operate on a regional basis? That people involved in tourism express their commitment to tourism through their voluntary involvement in related activities, suggests that the industry would survive.

One issue that has been completely ignored is the European dimension, in particular the activities of the European Commission's Tourism Unit. Whilst this may have an impact upon Scottish policy and practices, no indication of this has been, as yet, observed. This offers itself as an issue for investigation.

Whilst mentioned, but not examined in any detail, one aspect of this narrative has been relatively ignored. This relates to institutional efforts to embrace technologies to improve the visitors' experience. Whilst attention during the 1960s through to the early 1990s focused upon accommodation booking facilities, the internet opened up new opportunities. This resulted in "Project Ossian" to be followed by *visitscotland.com*, though the most recent announcement about the dissolution of the *visitscotland.com* PPP, raises questions about future developments. Indeed, perhaps the controversy that surrounded both initiatives is a symptom of the discussed divergence between tourism institutions and tourism businesses. The narrative about these technological developments will be presented in a forthcoming Working Paper.

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## Appendix 1 The Aims of the Government for Scottish Tourism 2008

The Government's aims for tourism in Scotland are succinctly summarised in the "VisitScotland Management Statement / Financial Memorandum" (2008)<sup>29</sup>

*"The Scottish Ministers' aims for the tourism sector in Scotland are to encourage and secure an improved performance on the industry's part by promoting a fiscal, regulatory and economic climate in which it can prosper"*

*"The Scottish Ministers have approved the following overall aim for VisitScotland:  
To help maximise the economic benefit of tourism to Scotland.*

*The Board will do so, either at its own hand or by other means, by:*

- *Providing the industry with strategic leadership and guidance*
- *Marketing Scotland as a world-class visitor destination*
- *Encouraging and securing the highest quality of standards in the industry*
- *Ensuring the highest quality of advice to potential visitors*
- *Encouraging the spread of tourism throughout Scotland and throughout the year*
- *Undertaking research and analysis and disseminating findings effectively throughout the industry and*
- *Ensuring the benefits of public sector support for Scottish tourism are maintained and improved through effective co-operation and co-ordination of the efforts of the public sector bodies and the private sector"*

*"The Scottish Ministers are ultimately accountable to the Scottish Parliament for the activities and performance of VisitScotland"*

The economic importance of tourism to Scotland is clearly implied. The role of VisitScotland is clearly defined, though its activities and performance are the ultimate responsibility of the Scottish Ministers.

## Appendix 2 Senior Scottish Tourism Appointments

The following two tables provide details of the senior appointments in the Scottish Parliament and Scottish Tourist Board / VisitScotland. The STB - VisitScotland Chairman and Chief Executive appointments are listed in Table 1. It highlights the relative continuity of Chairmen in contrast to the succession of CEOs.

Chairman	Appointed:	Chief Executive	Appointed:
Sir Hector MacLennan	Oct 1969 - Feb 1974	Lester Borley	~1969 - ~1975
Robin MacLellan	1 <sup>st</sup> Mar 1974 -Feb 1980	Philippe A Taylor	early 1975 - Oct 1980
Alan R Devereux	1 <sup>st</sup> Mar 1980 -Feb 1985	David A Pattison	2 <sup>nd</sup> Mar 1981 - 31 <sup>st</sup> Aug 1985
	1 <sup>st</sup> Mar 1985 -Feb 1990	Geoffrey Hare	3 <sup>rd</sup> Feb 1986 - ~1987
		Tom M Band	1 <sup>st</sup> June 1987 - 27 <sup>th</sup> March 1994 (retired)
Ian Grant	1 <sup>st</sup> Mar 1990 - Feb 1998	Derek Reid	~ 1994 - 31 <sup>st</sup> Dec 1996
Lord Gordon of Strathblane	1 <sup>st</sup> Mar 1998 - 31 <sup>st</sup> Mar 2001	Tom Buncle	1 <sup>st</sup> Sep 1996 - 10 <sup>th</sup> Nov 2000
Peter Lederer	2 <sup>nd</sup> Apr 2001 - 31 <sup>st</sup> Mar 2004	Peter McKinlay	5 <sup>th</sup> Dec 2000 (Interim) - 15 <sup>th</sup> Aug 2001
	1 <sup>st</sup> Apr 2004 - 31 <sup>st</sup> Mar 2007	(Rod Lynch)	Accepted then withdrawn
	1 <sup>st</sup> April 2007 - 31 <sup>st</sup> Mar 2010	Philip Riddle	16 <sup>th</sup> Jul 2001 -

**Table 1 Senior posts within Scottish Tourist Board / VisitScotland (from Annual Reports)**

<sup>29</sup> [www.visitscotland.org/visitscotland\\_management\\_statement.pdf](http://www.visitscotland.org/visitscotland_management_statement.pdf), accessed 2<sup>nd</sup> May 2008]

The year 2001 saw a major change in the management team, following a restructuring recommendation by PricewaterhouseCoopers in October, 2000. Between September, 2000 and July, 2001, structural changes saw the departure of the eight senior managers and their replacement by four new senior managers.

The Scottish Executive's Tourism unit was initially part of the Enterprise and Lifelong Learning Department (which became Enterprise, Transport and Lifelong Learning Department, May 2003). In November ,2001, it transferred to the Education Department as part of the Tourism, Culture & Sports Group. Following the elections in 2007 and the election of an SNP minority government, The Scottish Executive was re-organised and renamed the Scottish Government. Whilst still within the Education Department, the Tourism unit fell within the Tourism & Whisky Legislation Division of the new Enterprise, Energy and Tourism Directorate. The Senior Ministers within the Scottish Parliament with Ministerial responsibility for Tourism are identified in Table 2. It highlights a lack of continuity with the longest post-holder being Patricia Ferguson with 31 months.

<b>LABOUR MAJORITY</b>		<b>Minister for Enterprise and Lifelong Learning</b>	<b>Deputy Minister for Enterprise and Lifelong Learning</b>		
19 <sup>th</sup> May 1999 – 12 <sup>th</sup> June 1999		Henry McLeish	Nicol Stephen		
12 <sup>th</sup> June 1999 – 1 <sup>st</sup> Nov. 2000					
1 <sup>st</sup> Nov. 2000 – 28 <sup>th</sup> Nov. 2001		Wendy Alexander	Alasdair Morrison		
		<b>Minister for Enterprise, Transport and Lifelong Learning</b>	<b>Deputy Minister for Enterprise, Transport and Lifelong Learning</b>	<b>Minister for Tourism, Culture and Sport</b>	<b>Deputy Minister for Tourism, Culture and Sport</b>
28 <sup>th</sup> Nov. 2001 – 9 <sup>th</sup> May 2002		Wendy Alexander (resigned 3 <sup>rd</sup> May 2002)	Alasdair Morrison	Mike Watson	Dr Elaine Murray
9 <sup>th</sup> May 2002 – 28 <sup>th</sup> Nov. 2002		Iain Gray	Lewis MacDonald	Mike Watson	Dr Elaine Murray
28 <sup>th</sup> Nov 2002 – 21 <sup>st</sup> May 2003		Iain Gray	Lewis MacDonald	Mike Watson	Dr Elaine Murray
21 <sup>st</sup> May 2003 – 4 <sup>th</sup> Oct. 2004		Jim Wallace	Lewis MacDonald	Frank McAveety	
4 <sup>th</sup> Oct. 2004 – 27 <sup>th</sup> June 2005		Jim Wallace	Allan Wilson	Patricia Ferguson	
27 <sup>th</sup> June 2005 – 16 <sup>th</sup> May 2007		Nicol Stephen	Allan Wilson	Patricia Ferguson	
<b>SNP MINORITY</b>		<b>Minister for Enterprise, Energy and Tourism</b>			
16 <sup>th</sup> May 2007		Jim Mather			

**Table 2      Senior Ministers within the Scottish Parliament with Ministerial responsibility for Tourism**